

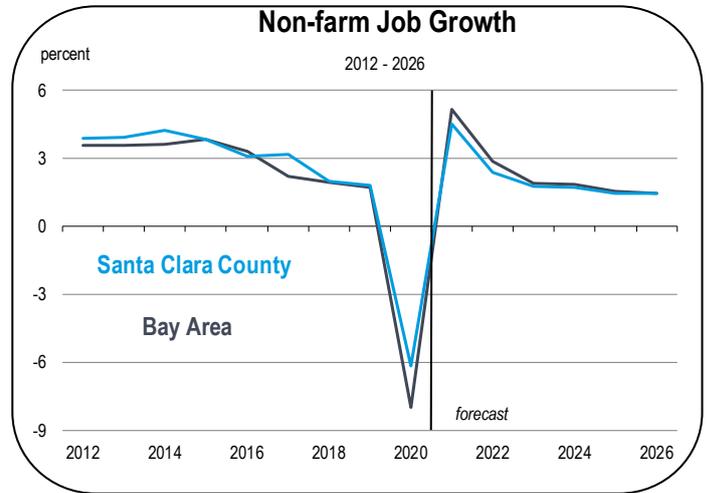
Santa Clara County Economic Forecast

Forecast Summary

- Tech giants are expected to recall workers back to home offices this year, creating a boost of indirect employment gains throughout the county.
- On an annual average basis, 48,000 non-farm jobs will be restored in Santa Clara County during 2021. A full labor market recovery is expected by 2022.
- Employment gains in 2021 will be largest in leisure services, which will recover 15,800 jobs. More than 6,000 jobs will also be re-gained or created in professional business services, education and healthcare, information, and retail trade.
- The unemployment rate averaged 7.0 percent in 2020. It is expected to average 4.5 percent in 2021.
- The Santa Clara County population is expected to grow more quickly than the Bay Area average during the forecast period.
- Fewer homes will be built over the forecast period than were built during the previous five years. Housing production will not be sufficient to reverse the affordability crisis.
- Home prices increased unexpectedly in 2020, rising by 9 percent. Prices are forecast to increase by another 7 or 8 percent in 2021.

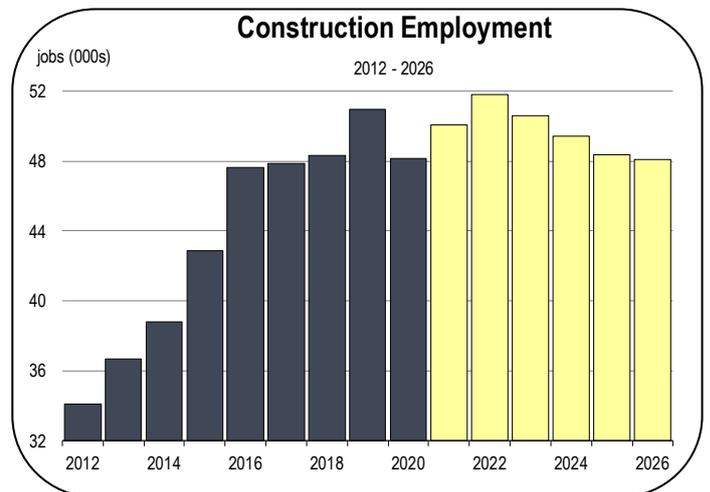
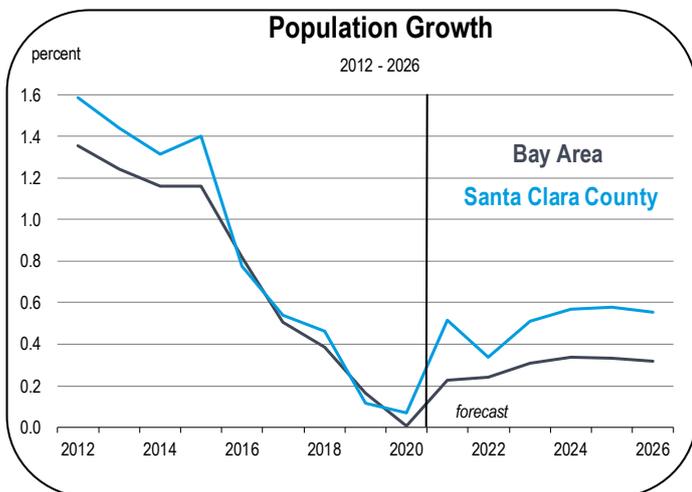
Job Growth

- Total employment in Santa Clara County will expand by 4.5 percent in 2021 on an annual average basis.
- Between 2022 and 2026, job growth in Santa Clara County will average 1.7 percent per year, which will be slower than the Bay Area Average.

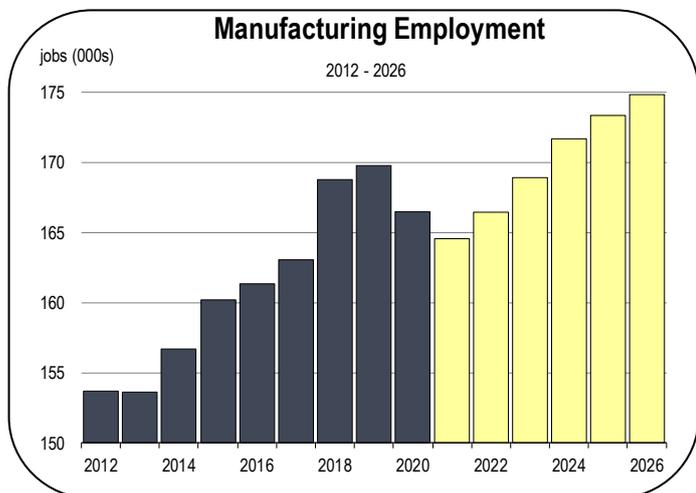


Construction Employment

- The Coronavirus Recession had a meaningful impact on the construction industry, with construction employment declining by 6 percent on an annual average basis.
- Construction employment is expected to return to pre-recession levels by 2022, but is not expected to expand substantially over the entire forecast period.
- The expected level of housing production and non-residential construction activity will not require a large expansion of the construction workforce.
- Even if construction demand exceeds our expectations, the construction workforce will be fully employed by 2023, making it difficult for construction firms to hire additional workers.



Santa Clara County Economic Forecast

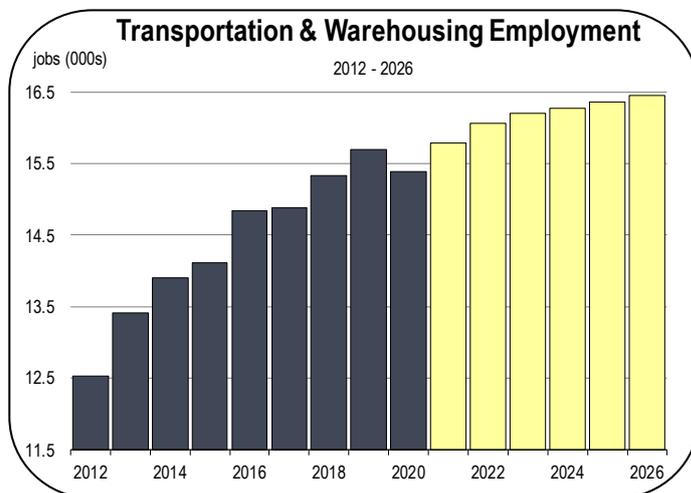


Manufacturing Employment

- Approximately half of all manufacturing jobs in Santa Clara County are at computer and semiconductor manufacturing firms, such as Apple, Cisco, Intel, HP, and Netapp.
- Manufacturing employment declined by only 2 percent during 2020. The major tech manufacturing firms did not downsize their employee headcounts, which stabilized industry-wide employment levels.
- This industry will create 8,000 jobs over the forecast period as firms like Apple and Netapp hire additional employees.

Transportation and Warehousing Employment

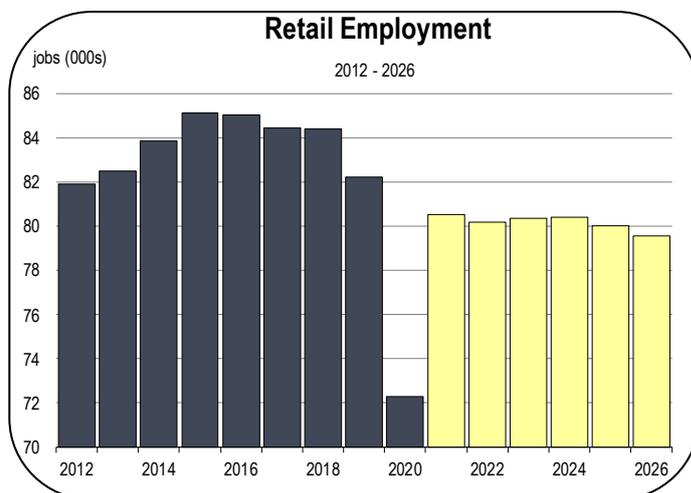
- Most transportation jobs in Santa Clara County are in trucking and delivery services. A meaningful number are also located at the San Jose International Airport.
- Employment in long-distance trucking, warehousing, and airport services all contracted in 2020.
- 1,500 jobs were created in local delivery services. Firms like FedEx and UPS hired rapidly to accommodate a rush of demand for direct-to-consumer shipping.
- Local delivery jobs would have expanded even faster if companies like DoorDash and GrubHub classified their drivers as W-2 employees rather than self-employed contractors. Self-employed contractors are not included in industry employment totals.



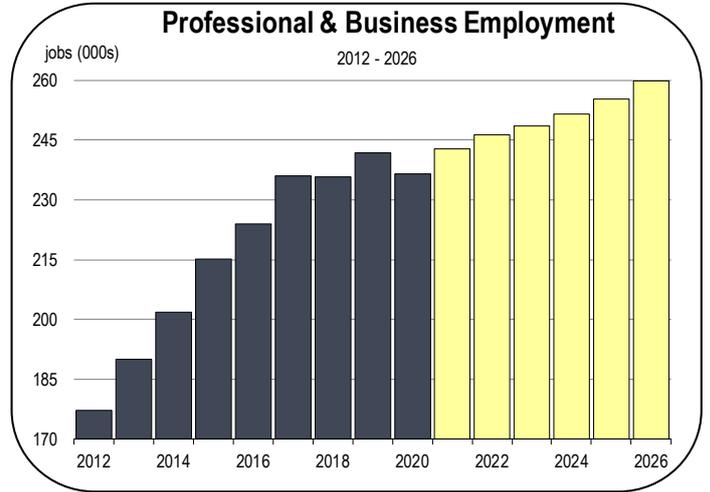
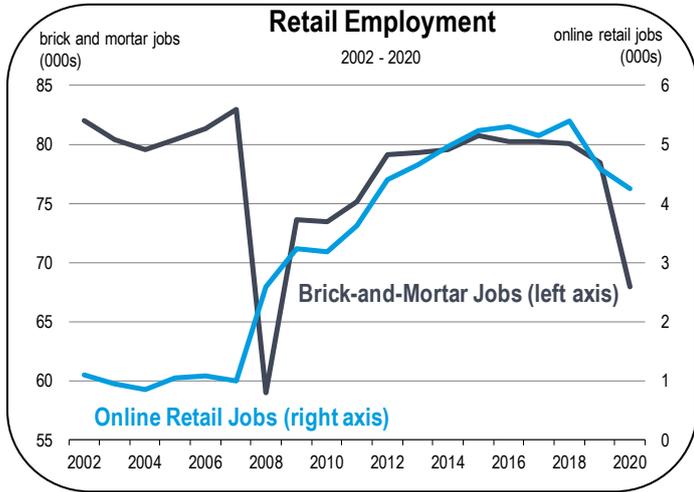
- Airline, trucking, and warehousing jobs should begin to recover as business conditions are eased, particularly after Jun 15th when California plans to lift virtually all restrictions.

Retail Trade Employment

- The retail sector was decimated in 2020, declining by 12 percent and losing almost 10,000 jobs.
- Losses were concentrated at brick-and-mortar stores, but even online shopping companies downsized in 2020.
- Retail employment will rebound sharply in 2021 as storefronts open up to higher capacities, but automation and the transition to online shopping will lead to consolidations in total industry employment at local brick-and-mortar establishments between 2022 and 2026.



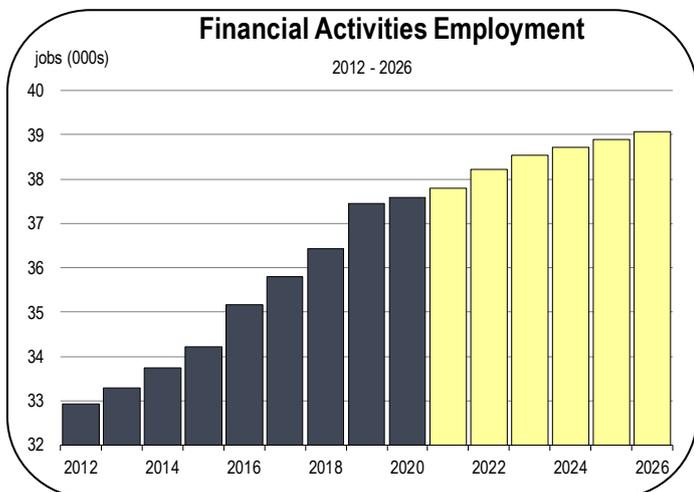
Santa Clara County Economic Forecast



- More than 250 online retailers now have offices in Santa Clara County and these firms employ more than 4,000 workers.
- Online retailers that have offices in Santa Clara County will expand quickly, but job growth at these firms will be outweighed by losses at brick-and-mortar stores.

Financial Activities Employment

- The Santa Clara County financial activities sector is primarily comprised of real estate agencies and leasing management companies, banks, and venture capital firms.

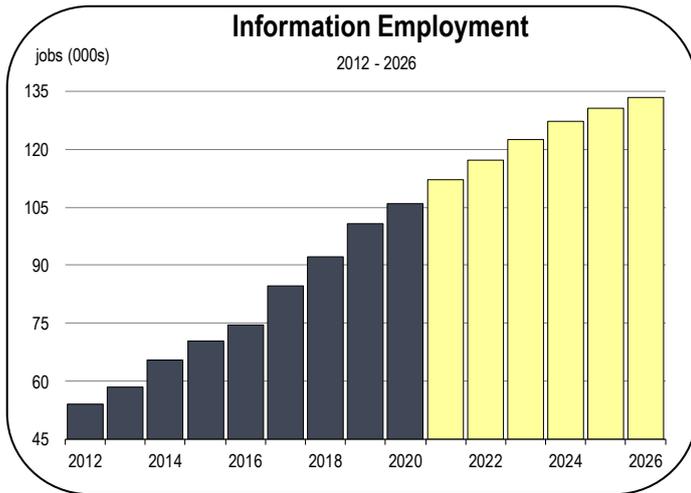


- Average salaries in this sector are high, topping \$155,000 in 2020.
- Over the forecast period, most growth will be observed in the real estate services industry.
- Banks and asset managers will create very few jobs between 2021 and 2026.

Professional and Business Services Employment

- The professional and business services industry has a diverse array of subsectors, and each was affected differently during the recession.
- The largest losses were staffing agencies, which typically employ temp workers.
- Temp workers are usually the first to be laid off during a recession and the first hired back during the recovery.
- Several sectors continued to create new jobs, including business and IT consulting.
- Over the long term, most job creation in the professional business service sector will be observed in IT consulting, business consulting, scientific research, and building maintenance.
- In 2020, IT consulting firms employed 87,000 workers in Santa Clara County. By 2026, employment could exceed 105,000 jobs.

Santa Clara County Economic Forecast



Information Employment

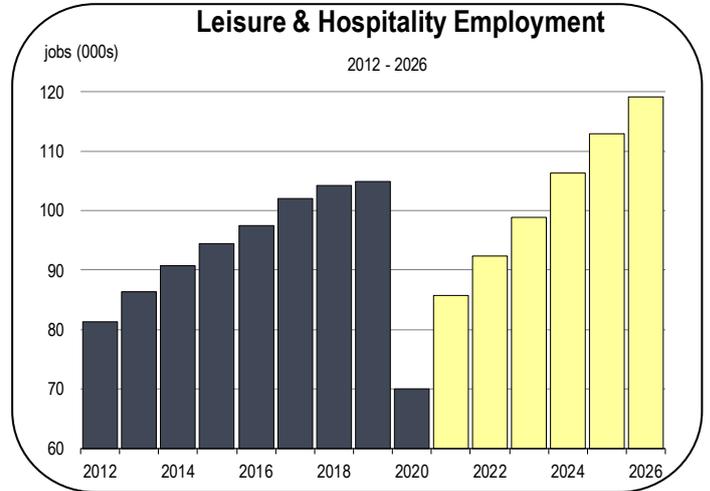
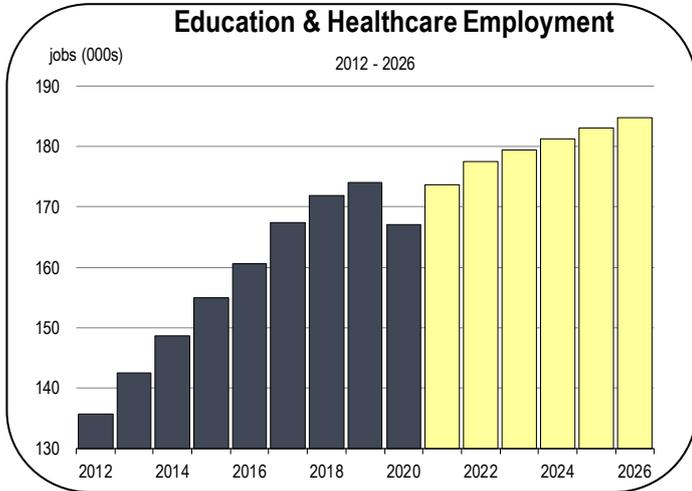
- In Santa Clara County, the information sector is dominated by software publishers like Adobe and data/internet service companies like Google and Facebook.

- Despite the pandemic and recession, software and data/internet firms created 8,000 jobs in 2020.
- Demand for data and internet services grew as households and business increased their online activity after being forced to decrease their person-to-person activities.
- Losses in 2020 were primarily observed in telecommunications, newspapers, and movie theaters.
- Colliers, a real estate firm, said in a recent report that Silicon Valley “proved to be more resilient than other technology markets” during the pandemic, largely thanks to the “wealth of established tech companies,” including Google, Facebook, and Apple.
- Between 2021 and 2026, job growth in the information industry will be faster than every other sector except leisure and hospitality.
- The telecommunications and newspaper publishing industries will lose jobs over the forecast period.
- In 2020 there were 98,000 employees in software and data/Internet services. By 2026 employment in these sectors reach 130,000.



Google has several office locations in Santa Clara County. As of early 2021, the company had plans to build an additional 1.3 million square feet of office space, signaling that it will hire more workers in the county.

Santa Clara County Economic Forecast



Private Education and Healthcare Employment

- The private healthcare and education industries were characterized by job losses that would have been large in most recessions, but were fairly moderate for the Coronavirus Recession.
- Employment at doctor and dentist offices contracted modestly. Private schools and tutoring centers declined sharply.
- Overall, the healthcare and education industry will recover 6,500 jobs in 2021 and gain another 3,600 jobs in 2022.

Leisure and Hospitality Employment

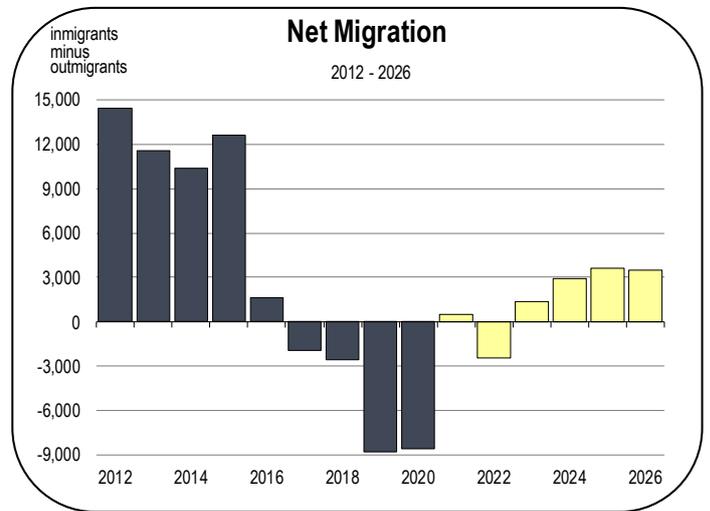
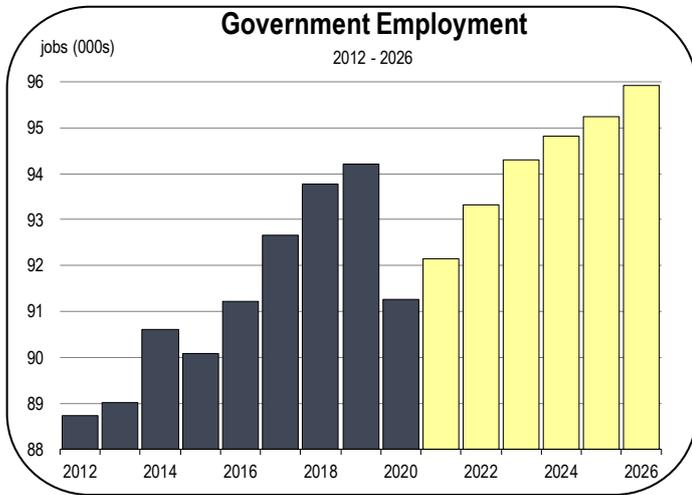
- Leisure and hospitality firms were impacted by restricted business conditions more than any other type of company.

- On an annual average basis, 17,900 jobs were lost at restaurants and bars, a decline of 22 percent.
- More than 2,300 jobs were lost at hotels and motels (26 percent) and more than 4,300 jobs were lost at gyms, fitness centers, performing arts centers, and professional sports teams (27 percent).
- Leisure and hospitality employment could rebound sharply in the second half of 2021 due to a surge in travel, dining, drinking, and recreation throughout Santa Clara County.
- Visitor and business travel are critical to the leisure and hospitality industry. Passenger traffic through SFO is still anemic but is expected to rebound in the second half of 2021.



The San Francisco 49ers and San Jose Sharks employ more than 2,000 workers in Santa Clara County. Many of the jobs could be restored in the second half of 2021 and during the sports seasons of 2022.

Santa Clara County Economic Forecast



Government Employment

- State and local government agencies lost 3,600 jobs during 2020.
- Federal government agencies added 700 jobs in 2020, but this was mainly due the Decennial Census, which creates temporary government jobs every 10 years.
- Some state and local government positions will be restored in fiscal 2022 (beginning in July 2021) with the commencement of in-person schools in the Fall of 2021 and with federal grants to cities and counties from the American Rescue Plan that will help to offset fiscal 2021 deficits.

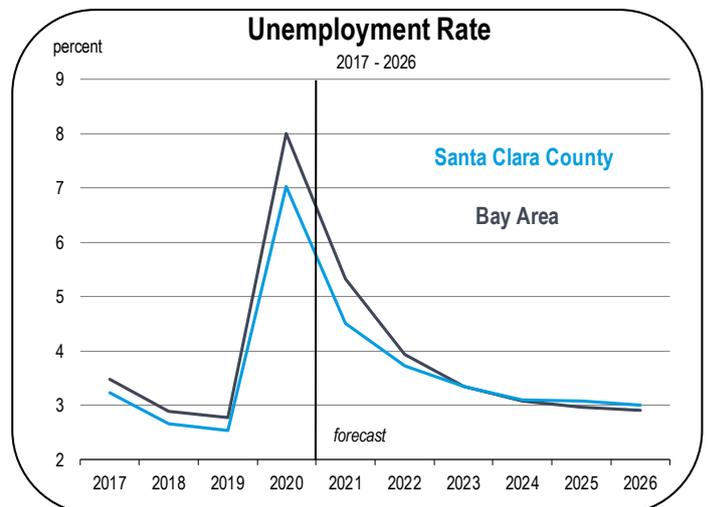
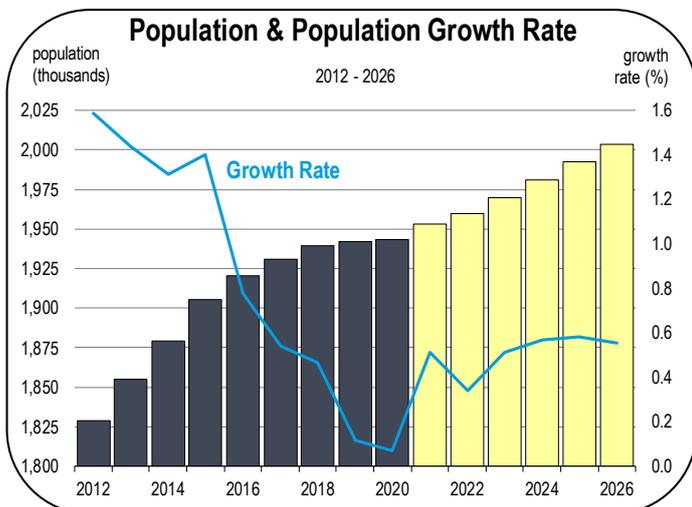
Population Growth

- Approximately 9,000 net migrants left the county in 2020. The number of residents moving out of Santa Clara County did not change substantially from previous years, but the number of people moving in decreased sharply.

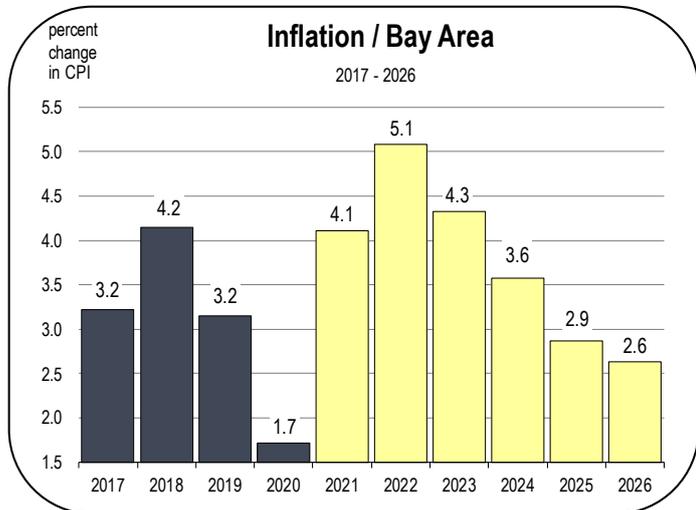
- Net in-migration is forecast to return to zero over the next 3 years.
- Despite prohibitively high home prices, people will move into the county for the high wage, high prestige jobs that will be created in software, Internet/data services, and scientific research.
- Population growth will average 0.4% per year between 2021 and 2026 and the county will approach 1.95 million residents.

Unemployment and Inflation Rates

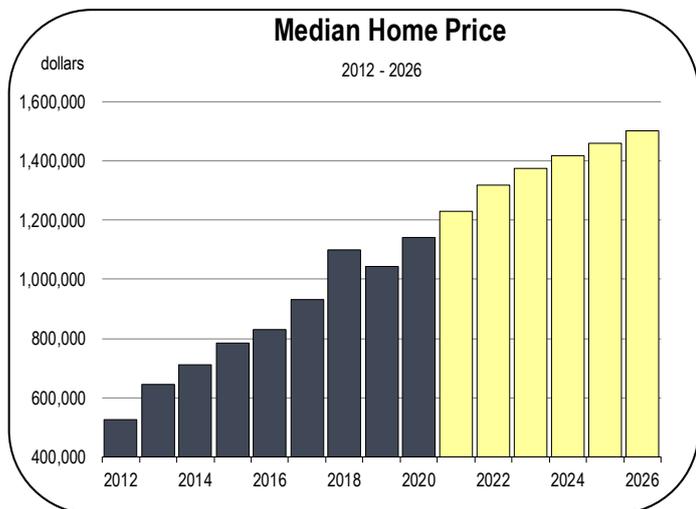
- The unemployment rate in Santa Clara County averaged 7.0 percent in 2020, which was lower than the composite rate for the Bay Area.
- An unemployment rate below 4.0 percent signifies a fully employed workforce in Santa Clara County.
- The unemployment rate is expected to average 4.5 percent in 2021 and 3.7 percent in 2022.



Santa Clara County Economic Forecast



- Inflation decelerated sharply in 2020, largely because energy prices declined when the demand for fuels plunged.
- Inflation soared in 2021 and is expected to remain elevated for several years.
- Over the forecast period, there will be a number of factors that will contribute to high inflation. The most prominent will be:
 - Record levels of spending by consumers and government agencies
 - Fractures in the global supply chain that raise the cost of production for many businesses
 - Sharp increases in the cost of housing and energy
 - Labor market recruitment challenges that force companies to raise wages

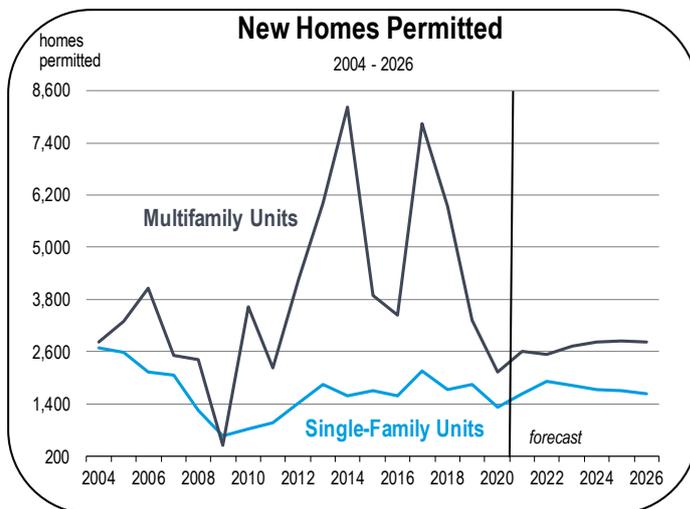


- Combined, these factors will push inflation to its highest rates in 30 years. Ultimately, it will reduce the purchasing power of households and negatively impact consumer confidence, limiting the growth potential of the economy in 2022.

- However, inflation will begin to decelerate as supply chains and the labor force are restored by the second half of the forecast period, eventually falling below 3 percent.

Home Prices and New Housing Production

- In 2020, the median home price in Santa Clara County was \$1,140,000, an increase of 9 percent from the previous year.
- Apartment rents declined precipitously, falling from more than \$2,500 in early 2020 to just \$2,200 at the end of the year.
- The housing affordability crisis has become acute. The typical household would to spend more than 40 percent of its pre-tax income to afford the median-priced home, which exceeds most affordability guidelines.
- Accumulating even a 10% down payment would mean saving \$114,000, which is out of reach for almost anyone outside of the technology, asset management, corporate law, corporate management, or biotech industries.
- Home prices and interest rates are expected to increase in 2021 and 2022, exacerbating the affordability issues.
- Housing production is conservatively forecast to average 4,500 homes per year from 2021 to 2026, but could go higher in many years because currently there are 90,000 housing units in the Santa Clara County development pipeline.



Santa Clara County Economic Forecast

- There are 90,000 housing units in the Santa Clara County development pipeline.
- Google submitted a proposal in September 2020 for a new campus near its headquarters in Mountain View, and the project was approved in June 2021.
- The new campus, called Middlefield Park, would span a 40-acre site and include public amenities like parks and sports fields, retail space, restaurants, and affordable housing.
- Google's plan includes 1,850 residential units, 1.3 million square feet of office space, 30,000 square feet of space for restaurants, retail, or services, and 20,000 square feet for community facilities.
- Construction will last up to 30 years.



Middlefield Park Rendering

Santa Clara County Economic Forecast

Economic Indicators

2015-2020 History, 2021-2050 Forecast

	Population (people)	House- holds (thousands)	Net Migration (people)	New Homes Permitted (homes)	Registered Vehicles (thousands)	Personal Income (billions)	Taxable Retail Sales (billions)	Total Taxable Sales (billions)	Real Industrial Production (billions)	Real per Capita Income (dollars)	Unemployment Rate (%)	Real Farm Production (thousands)	Inflation Rate (%)
2015	1,905,463	624.0	12,606	5,616	1,651	\$165	\$23	\$42	\$72	\$100,614	4.2	\$324	2.6
2016	1,920,226	629.4	1,603	5,036	1,687	\$179	\$24	\$42	\$71	\$105,051	3.8	\$352	3.0
2017	1,930,577	633.7	-1,950	10,006	1,688	\$195	\$25	\$43	\$74	\$110,017	3.2	\$344	3.2
2018	1,939,520	639.4	-2,581	7,668	1,699	\$213	\$26	\$45	\$78	\$115,531	2.7	\$311	4.2
2019	1,941,739	642.9	-8,773	5,178	1,720	\$224	\$27	\$47	\$78	\$117,150	2.5	\$310	3.2
2020	1,943,091	645.8	-8,546	3,471	1,646	\$231	\$26	\$45	\$82	\$118,820	7.0	\$317	1.7
2021	1,953,067	647.9	498	4,227	1,696	\$242	\$28	\$48	\$80	\$120,448	4.5	\$318	4.1
2022	1,959,698	652.1	-2,443	4,459	1,700	\$253	\$28	\$49	\$81	\$121,856	3.7	\$318	5.1
2023	1,969,730	656.3	1,367	4,560	1,706	\$271	\$29	\$50	\$84	\$125,896	3.3	\$318	4.3
2024	1,980,949	660.6	2,919	4,546	1,714	\$289	\$30	\$52	\$88	\$130,053	3.1	\$316	3.6
2025	1,992,447	664.8	3,620	4,542	1,721	\$307	\$31	\$52	\$90	\$133,518	3.1	\$315	2.9
2026	2,003,470	668.9	3,491	4,447	1,728	\$325	\$31	\$53	\$93	\$137,008	3.0	\$312	2.6
2027	2,013,705	673.0	3,109	4,330	1,734	\$345	\$32	\$54	\$96	\$140,886	3.0	\$310	2.4
2028	2,023,440	677.1	2,939	4,235	1,740	\$366	\$32	\$54	\$99	\$144,968	2.9	\$307	2.5
2029	2,033,075	681.0	3,126	4,169	1,746	\$384	\$33	\$56	\$101	\$147,371	3.0	\$304	2.4
2030	2,041,475	684.8	2,163	4,060	1,751	\$403	\$34	\$58	\$103	\$150,027	3.0	\$301	2.4
2031	2,048,465	688.6	1,325	3,946	1,756	\$421	\$35	\$59	\$104	\$152,521	3.1	\$298	2.5
2032	2,055,071	692.2	1,407	3,879	1,760	\$438	\$36	\$60	\$105	\$154,158	3.1	\$294	2.4
2033	2,061,393	695.8	1,507	3,823	1,764	\$458	\$37	\$62	\$107	\$157,043	3.1	\$291	2.2
2034	2,067,425	699.3	1,661	3,769	1,767	\$478	\$38	\$63	\$108	\$159,500	3.1	\$287	2.3
2035	2,072,534	702.8	1,060	3,698	1,770	\$499	\$39	\$65	\$110	\$161,964	3.2	\$283	2.3
2036	2,077,224	706.2	922	3,656	1,773	\$519	\$41	\$68	\$111	\$163,454	3.1	\$279	2.3
2037	2,081,207	709.5	453	3,606	1,776	\$541	\$42	\$70	\$112	\$164,898	3.2	\$275	2.4
2038	2,086,009	712.8	1,603	3,628	1,779	\$564	\$43	\$72	\$113	\$166,935	3.2	\$271	2.3
2039	2,091,191	716.2	2,235	3,635	1,782	\$587	\$44	\$74	\$114	\$168,404	3.2	\$267	2.3
2040	2,094,885	719.5	1,114	3,563	1,784	\$611	\$46	\$76	\$114	\$169,950	3.2	\$263	2.2
2041	2,098,129	722.7	1,024	3,539	1,786	\$636	\$47	\$77	\$116	\$172,335	3.2	\$259	2.3
2042	2,101,443	726.0	1,344	3,534	1,788	\$661	\$48	\$79	\$118	\$174,858	3.2	\$254	2.2
2043	2,104,761	729.3	1,571	3,529	1,790	\$687	\$49	\$81	\$119	\$177,357	3.2	\$250	2.1
2044	2,108,098	732.5	1,839	3,526	1,792	\$713	\$50	\$83	\$121	\$180,097	3.2	\$245	2.2
2045	2,110,870	735.7	1,577	3,499	1,794	\$739	\$52	\$85	\$123	\$182,454	3.2	\$240	2.3
2046	2,112,443	738.9	578	3,443	1,794	\$764	\$53	\$87	\$124	\$184,374	3.2	\$236	2.3
2047	2,113,136	742.1	-90	3,397	1,795	\$789	\$54	\$88	\$124	\$185,623	3.2	\$231	2.3
2048	2,113,542	745.2	-159	3,379	1,795	\$813	\$56	\$91	\$125	\$186,687	3.2	\$226	2.4
2049	2,113,848	748.3	50	3,371	1,795	\$839	\$57	\$93	\$126	\$188,445	3.2	\$220	2.1
2050	2,113,833	751.4	53	3,351	1,795	\$865	\$59	\$95	\$126	\$189,932	3.2	\$215	2.1

Employment Sectors

2015-2020 History, 2021-2050 Forecast

	Total Wage & Salary	Farm	Construction	Manufac- turing	Transportation & Utilities	Wholesale & Retail Trade	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
	(thousands of jobs)											
2015	1,029	3.7	42.9	160.2	14.1	121.9	34.2	215.2	70.4	154.9	94.5	90.1
2016	1,061	3.9	47.6	161.3	14.8	122.4	35.2	224.1	74.5	160.6	97.6	91.2
2017	1,094	3.6	47.9	163.1	14.9	117.1	35.8	236.2	84.6	167.4	102.0	92.7
2018	1,115	3.5	48.3	168.7	15.3	116.3	36.4	235.9	92.1	171.9	104.2	93.8
2019	1,135	3.1	51.0	169.7	15.7	113.5	37.4	241.8	100.7	174.0	104.9	94.2
2020	1,065	2.9	48.2	166.5	15.4	101.3	37.6	236.6	106.0	167.1	70.0	91.3
2021	1,113	3.0	50.1	164.6	15.8	109.8	37.8	242.8	112.1	173.7	85.7	92.1
2022	1,139	3.0	51.8	166.4	16.1	109.6	38.2	246.4	117.2	177.5	92.4	93.3
2023	1,159	3.0	50.6	168.9	16.2	109.7	38.5	248.6	122.5	179.4	98.9	94.3
2024	1,179	3.0	49.4	171.7	16.3	109.5	38.7	251.6	127.2	181.3	106.3	94.8
2025	1,196	3.0	48.4	173.3	16.4	108.8	38.9	255.3	130.6	183.1	112.9	95.2
2026	1,214	3.0	48.1	174.8	16.5	108.1	39.1	259.9	133.4	184.8	119.1	95.9
2027	1,232	3.0	47.8	176.2	16.7	107.6	39.3	265.2	136.7	186.4	125.1	96.7
2028	1,251	3.0	47.5	177.4	16.8	107.1	39.5	270.4	140.9	187.9	130.6	97.5
2029	1,268	3.0	47.2	178.5	17.0	107.1	39.7	275.4	143.7	189.4	135.7	98.2
2030	1,284	3.0	47.0	179.4	17.1	107.2	39.9	280.1	147.0	190.7	140.3	98.8
2031	1,297	2.9	46.1	180.0	17.3	107.1	40.0	284.7	150.0	192.1	143.8	99.5
2032	1,310	2.9	45.7	180.2	17.4	107.0	40.2	289.1	152.8	193.3	146.6	100.2
2033	1,321	2.9	45.3	180.0	17.4	106.9	40.4	293.4	155.6	194.5	148.8	100.7
2034	1,332	2.9	45.0	179.8	17.5	106.8	40.6	297.4	158.5	195.8	150.6	101.2
2035	1,342	2.9	44.7	179.8	17.5	106.9	40.7	301.3	161.2	197.0	151.9	101.5
2036	1,351	2.9	44.5	179.9	17.6	107.0	40.9	305.1	163.9	198.2	153.2	101.9
2037	1,361	2.8	44.3	179.8	17.7	107.0	41.0	308.7	166.6	199.4	154.5	102.1
2038	1,370	2.8	44.3	180.0	17.7	106.9	41.2	312.1	169.2	200.6	155.7	102.4
2039	1,378	2.8	44.2	179.5	17.8	106.9	41.3	315.4	171.7	201.8	156.9	102.6
2040	1,386	2.8	44.0	179.3	17.9	106.8	41.4	318.6	174.1	203.0	158.1	102.9
2041	1,395	2.8	43.9	179.1	17.9	106.7	41.6	321.6	176.5	204.2	159.2	103.2
2042	1,404	2.8	43.9	180.2	17.9	106.6	41.7	324.5	178.8	205.4	160.3	103.5
2043	1,413	2.7	43.9	180.5	17.9	106.6	41.8	327.3	181.0	206.6	161.6	103.8
2044	1,421	2.7	44.0	180.7	18.0	106.5	41.9	329.9	183.2	207.9	163.0	104.2
2045	1,429	2.7	43.9	180.9	18.0	106.6	42.1	332.4	185.8	209.3	164.2	104.5
2046	1,437	2.7	43.9	180.9	18.0	106.6	42.2	334.8	188.3	210.5	165.4	104.7
2047	1,445	2.7	43.8	181.2	18.1	106.5	42.3	337.1	190.5	211.9	166.5	104.8
2048	1,452	2.6	43.8	181.4	18.1	106.5	42.3	339.3	192.7	213.1	167.5	104.7
2049	1,459	2.6	43.8	181.2	18.2	106.6	42.4	341.4	194.9	214.4	168.5	104.8
2050	1,465	2.6	43.8	180.7	18.2	106.7	42.5	343.4	197.1	215.6	169.4	104.9

Santa Clara County Economic Forecast

Socioeconomic Indicators

